

**Small Business Investment Grant Fund**

**Qualified Small Business Certification Application Form  
Certification for Calendar Year 2012**

Data Privacy Notice: per Virginia Stat. § 2.2-3711(A)(5), data provided in this application is nonpublic data; certain information becomes public upon certification as a qualified small business, as determined by the Virginia Department of Business Assistance.

**Section I. Business name and Identifying Information**

Legal Name ("Business"): \_\_\_\_\_

Trade Name (if any): \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Business Type: C Corp      S Corp      LLP      Partnership      LLC      Other

Describe other: \_\_\_\_\_

State of organization per articles of incorporation/organization: \_\_\_\_\_

Location of Headquarters: \_\_\_\_\_ Date Incorporated: \_\_\_\_\_

FEIN: \_\_\_\_\_ VA Tax ID: \_\_\_\_\_

**Section II. Qualifications for Small Business**

- |   | <b>Yes</b> | <b>No</b> |
|---|------------|-----------|
| 1. Were your annual gross revenues under \$3 million in the most recent fiscal year?  |            |           |
| 2. Have you received more than \$3 million in aggregate gross cash proceeds from the issuance of equity or debt investments (not including commercial loans from chartered banking or savings and loan institutions)? |            |           |
| 3. Is your principal office or facility in Virginia?  |            |           |
| 4. Is Virginia where the business entity is primarily engaged in business or does substantially all of its production?  |            |           |
| 5. Does your business have more than 50 employees?  |            |           |
| 6. Are you registered with the Virginia State Corporation Commission?   |            |           |

**Section III. Issuance Information**

Type of Instrument	Amount Invested	Date of Investment
Equity	\$: _____	Date: _____
Subordinated Debt	\$: _____	Date: _____

**Section IV. Declaration**

I, the undersigned officer or other person authorized to act on behalf of the business entity, read and understand the requirements and restrictions set forth in this application and the associated investment grant.

I shall notify, in writing, the Virginia Department of Business Assistance should the Eligible Investor withdraw the investment. This notification shall be within 15 days of the withdrawal.

Furthermore, I understand that I am required to maintain any and all documents related to the investment. Should an audit be performed at the end of the required investment period, I shall provide any, and all, records necessary in the performance of such audit, or as reasonably requested throughout the duration of the grant to verify the qualified investment. I understand that I will be liable under the Virginia Fraud Against Taxpayer Act (§ 8.01-216.1 et. seq) and other applicable law for knowingly providing false information on this application.

Contact Name: \_\_\_\_\_  
First M.I. Last

Title: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

## **Small Business Investment Grant Fund**

### **Instructions for Qualified Small Business Certification Application Form**

Beginning with the 2012 calendar year, the total amount of grants is limited to \$1.5 million.

#### **When to Submit Application**

Applications can be downloaded and submitted during any time during the 2012 and 2013 calendar years at <http://vdba.virginia.gov>. The date received by the Virginia Department of Business Assistance (DBA) will be the date used to determine order in which the grant will be given.

#### **Where to Get Help**

Write to:

Virginia Department of Business Assistance,  
ATTN Investment Grant Fund  
1220 Bank Street, 3<sup>rd</sup> Floor  
Richmond, VA, 23219

You can also contact DBA by fax at  
804-371-8111  
or call DBA at  
804-381-8200.

#### **General Information Concerning the Credit**

The Small Business Investment Grant Fund is given to a VA taxpayer who invests in a qualified small business which is engaged in business or does substantially all of its production in VA. The grant is equal to 10 percent of the investment.

- **Equity** received in connection with a qualified business investment must be held by the taxpayer for at least 2 calendar years following the date the investment was made.
- **Subordinated debt** received in connection with a qualified business investment must be held by the taxpayer for at least two years from the date the investment was made.
- **Holding Period Exception** – the liquidation of the small business issuing such equity, the merger, consolidation, or other acquisition of such business with or by a party not affiliated with such business, or the death of the eligible investor.

If the required holding period is not met, the eligible investor shall forfeit the grant and must repay the grant, plus interest in the amount of one percent, compounded monthly from the date the grant was issued.

#### **Who Can File This Application?**

Qualified Small Businesses that want to sell equity and/or subordinated debt investments for which an eligible investor can claim a Small Business Investment Grant must file. The qualification is valid for one calendar year of the application. A separate application is required for each year the business wants to be certified as a Qualified Small Business.

All Qualified Small Businesses must be certified as such for the Eligible Investor to receive a grant.

#### **Where to Submit Application**

Submit the application and attachments to the Virginia Department of Business Assistance, ATTN Investment Grant Fund, 1220 Bank Street, 3<sup>rd</sup> Floor, Richmond, VA, 23219 or fax to 804-371-8111.

#### **Information to be Provided to Eligible Investors**

Upon issuance of equity or subordinated debt, the Qualified Small Business must provide the Eligible Investor a copy of the Qualified Small Business certification from DBA and a statement by the Qualified Small Business, on business letterhead containing:

- The investor's name;
- The investment amount;
- The investment type;
- The investment date;
- Verification that the investment meets the definition of a qualified investment for purposes of claiming the grant pursuant to Va. Code §2.2-904.3, et seq.
- Please specifically state that, the investor (name), nor any of his/her family members, or any entity affiliated with him/her, receives or has received compensation from the qualified business in exchange for services provided to such business as an employee, officer, director, manager, independent contractor, or otherwise in connection with or within one year before or after the date of such investment. For the purposes hereof, reimbursement of reasonable expenses incurred shall not be deemed to be compensation.

- The statement provided to an eligible investor must be signed by a company officer.

For married investors, the credit cannot be issued jointly. The investment must be made individually and a separate application must be provided by each spouse.

If an equity investment, the statement must indicate that the issuance is original, providing new capital to the Qualified Small Business and that it is not required, or subject to an option that the issuer redeem the issuance within three years of issuance date.

If a subordinate debt investment, the statement must indicate that the issuance is original, providing new capital to the qualified business and that, by its terms, requires no repayment of principal for three years after issuance, is neither guaranteed nor secured by assets of the issuer nor by any other person or entity, and is subordinate to all indebtedness and obligations to national or state chartered banking or savings and loan institutions.

The Eligible Investor is required to attach this statement to their Eligible Investor Certification Application Form

#### **Definitions**

**“Equity”** means common stock or preferred stock, regardless of class or series, of a corporation; partnership interest in a limited partnership; or a membership interest in a limited liability company, any of which is not required or subject to an option on the part of the taxpayer to be redeemed by the issuer within three years from the date of issuance.

**“Subordinated Debt”** means indebtedness of a corporation, general or limited partnership, or limited liability company that (i) by its terms requires no repayment of principal for the first three years after issuance; (ii) is not guaranteed by any other person or entity, or secured by any assets of the issuer or any other person or entity; and (iii) is subordinated to all indebtedness and obligations of the issuer to national or state-chartered banking or savings and loan institutions.

**“Qualified Investment”** means a cash investment in a qualified small business in the form of equity or subordinated debt.

An investment shall not be qualified if the Eligible Investor who holds such investment, or a member of the Eligible Investor’s family, or any entity affiliated with the Eligible Investor receives or have received compensation from the qualified business in exchange for services provided to such business as an employee, officer, director, manager, independent contractor, or otherwise in connection with or within one year before or after the date of such investment.

For the purposes hereof, reimbursement of reasonable expenses incurred shall not be deemed to be compensation.

A qualified investment shall not include existing investments or instruments that have been purchased, transferred, or otherwise obtained without providing new capital to a Qualified Small Business.

**“Qualified Small Business”** means a business which

- Has annual gross revenues of no more than \$3 million in its most recent fiscal year;
- Has its principal place of business or facility in the Commonwealth;
- Is engaged in business primarily in or does substantially all of its production in the Commonwealth;
- Has not obtained during its existence more than \$3 million in aggregate gross cash proceeds from the issuance of its equity or debt investments (not including commercial loans from chartered banking or savings and loan institutions; and
- Have less than 50 employees working for the small business.

**“Principal Office Domicile”** means the state where the principal office from which the business affairs of the Qualified Small Business are normally directed or managed.

**“Primarily Engaged in Business in the Commonwealth”** means 50 percent or more of the entity’s gross receipts are derived from sources within Virginia.

**“Substantially All Of Its Production in the Commonwealth”** means 80 percent or more of the entity’s expenses and production are incurred within Virginia.